Insurance terms:

1. **Actual cash value.** Actual cash value (ACV) is **the amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss**.
2. **INSURANCE POLICY**
   Insurance policy is a contract between the insurer and the policyholder, which determines the claims which the insurer is legally required to pay a premium.
3. **Actuary.** Actuaries are experts at assessing risks by analyzing statistics and data.

4. **Adjuster.** Sometimes referred to as a 'claim examiner,' an adjuster is someone who investigates a claim. They determine if the loss is covered by the policy, estimate damages, and often write a check to the insured.

5. **Agent.** An agent, or insurance agent, is someone who sells insurance policies for an insurance company or carrier. Their agency may be exclusive or non-exclusive, meaning they sell insurance for a single carrier, or a number of carriers.

6. **Assured.** This is an individual who has an insurance policy, and is another word for "insured" or "policyholder."

7. **At-fault.** Refers to the person who is liable for the damages. In other words, this is the person who caused the accident, or is otherwise legally responsible for it.

8. **Beneficiary.** A beneficiary is a person who is designated as the recipient of payment of something like a life insurance benefit.

9. **Carrier.** This is another word for the insurance company that provides you with your policy.

10. **Cause of loss**. Another way you may see 'perils' referenced in policy language.

11. **Collision.** Refers to coverage that pays for damages to your vehicle after a collision (hence the name), either with another vehicle or an object, like a traffic sign. This is often an optional coverage unless you have an auto loan or lease your vehicle, in which case the lender will likely require it.

12. **Claim.** A claim refers to any request for payment within the bounds of an insurance policy.

13. **Claimant.** A claimant is any person or entity requesting payment from an insurer, or insurance company.

14. **Coverage.** Coverage, or coverages, are the specific protections or benefits an insurance policy provides. These are outlined in your policy or contract, and can be found on your declarations page.

15. **Damage.** This term refers to any loss, destruction, or harm to a person or property, such as a vehicle or home.

16. **Declarations page.** This page is basically a snapshot of the important information regarding your insurance policy. It will have policyholder information, such as name, address, and policy number, as well as coverages, limits, premiums, deductibles, and dates of coverage.

17. **Endorsement.** An endorsement is an amendment attached to a base policy which adjusts the coverage. For example, you can often add an endorsement to a basic property insurance policy to cover additional perils (more on perils in a moment).

18. **Estimate.** This refers to the amount of money required to repair or replace the covered property when damaged. This is usually provided by the claims adjuster following their inspection and evaluation.

19. **Insured.** This refers to the person(s) (or sometimes organization or entity) that an insurance policy provides coverage for.

20. **Insurer.** An insurer is the company or organization that provides insurance policies to the insured. This is another word for an insurance company, like the term "carrier."

21. **Liability.** This refers to a legal obligation or responsibility one party has for causing damage, injury, or loss to another party.

22. **Limits.** A limit refers to the maximum amount of protection the insurance company agrees to pay for a specific coverage in any given claim.

23. **Loss.** In the context of insurance, "loss" refers to damage caused to an insured piece of property. A "covered loss" refers to any damage or injury that an insurance policy specifically provides protection for.

24. **Named insured.** Like the term "insured," this term refers to a named individual or entity that an insurance policy covers, and is the person or organization listed on the declaration page. However, there are circumstances where the two can differ.

25. **Named Peril (Named Peril Policy).** This refers to a type of insurance policy that provides protection or coverage for certain perils explicitly outlined in the policy. The opposite of a named peril policy would be an open peril policy, which provides coverage for all causes of loss except those excluded in the policy.

26. **Peril.** Lightning, windstorms, fire - just to name a few. Perils are the causes of damage to your insured property that your policy protects against. A basic policy will cover a certain set of perils, and endorsements can often add to that.

27. **Policyholder.** This is yet another term you might frequently hear or see that refers to the person or entity an insurance policy covers, like "insured," and would appear on the declarations page.

28. **Risk.** Risk is the possibility that a loss will occur. For example, the probability that a home will be damaged, a car will be destroyed, or a piece of property stolen. Risk is used to calculate coverage costs or premiums and the level of risk can determine how, or if, coverage is offered.

29. **Umbrella Insurance.** A type of liability insurance that expands coverage limits above and beyond the limits of an underlying liability insurance policy.

30. **Underwriting.** The process of underwriting is how an insurance company evaluates risk and whether or not the company will offer coverage for it. It also helps determine rates based on various factors found in an application.

31. **NON INSURABLE RISK .** A non insurable risk is one for which insurance cannot be bought. There has to be certain reasons to be declared non-insurable.

Types of Insurance Policies

1. **Life Insurance Policy**
   It is insurance on your life. You buy life insurance to ensure that your loved ones are financially secured even when you are not around. If you are the only breadwinner, you would want your family members to maintain the same living standards in the event of your untimely demise. The nominee gets the sum assured in case of your death.
2. **Health Insurance Policy**
   Although health insurance is usually counted as a general insurance contract, there are a few differences. Health insurance covers your medical costs for expensive treatments. You can avail two types of health insurance policies:

   1. **Mediclaim Insurance**, which compensates you for the medical expenses
   2. **Critical Health Insurance**, which offers lump-sum payments for dangerous and life-threatening health conditions
3. **Non-life Insurance Policy**
   These compensate for the losses sustained arising from a specific financial event that is not related to life. Non-life insurance could be car insurance, home insurance, etc.

Key Features of Insurance

I. Insurance is a tool for risk transfer.
II. Insurance is a community solution as several people, who are exposed to the same risk, pool their funds together to bear the loss.

III. The contract is based on the ‘utmost good faith’ principle unlike other business contracts.
IV. Insurance cover does not affect the chance of loss or minimise the magnitude of loss.
V. As a party to the insurance contract, you should always try to avoid, mitigate and minimize the losses.
VI. You can only insure against risks which are unpredictable in occurrence and magnitude.
VII. Speculative, financial (betting) and business risks cannot be insured.

Benefits of Insurance

1. **Financial Safety for Family:**
   They provide cover against life's uncertainties and protect you against losses arising from different unexpected events in life.
2. **Safety of Financial Status:**
   Certain events like medical emergencies can have a significant impact on your cash flow management. Insurance ensures you don't have to pay out of pocket for such situations.
3. **Wealth Creation Goals:**
   Insurance policies like ULIPs give you investment opportunities and help you fulfil your essential financial goals.
4. **Wealth Preservation:**
   Life insurance policies like endowment and moneyback plans are some of the safest long-term investments possible. These plans help you preserve your wealth from inflation and taxes for long periods.
5. **Wealth Distribution:**
   Few investment plans offer the kind of safety offered by life insurance pension plans. After retiring at the age of 60, you can live up to 100. Only life insurance pension plans can guarantee a regular income for that period.